

Screen Form 763 - Tax Year 2016

Process

[SCREEN LOCAL FILED TAX RETURNS - TAX YEAR 2016](#)

Effective Date

01/01/2017

Purpose

This task is performed to ensure the Tax Year 2016 Form 763 is complete and that informational screening codes are on the return. This task is performed by Representatives in the Commissioner of Revenue's Office. This task covers the screening of **Form Type 763** in the following categories.

- **Category 3:** Tax Due return received with or without payment
- **Category 4:** Refund returns

Refer to Task: [General Screening of Individual Income Tax Returns - Tax Year 2016](#)

Special Notes

- Each bundle of work received should contain only one Category and one Form type. Do not mix types of work. The return is "coded" by writing appropriate screening codes in the bottom right corner of Page 1 of the return. Making extensive changes to the return will result in processing delays and may cause errors.
- To assist a customer needing extensive changes, prepare a new 763 return and obtain the customer's signature. Give the original 763 return back to the customer because including it behind the correct return may cause processing problems and errors.
- "Deceased Documentation" - These documents support the claim to issue a refund to a designated third party.
 - Federal Form 1310, *Statement of Person Claiming Refund Due a Deceased Taxpayer*
 - Certificate/Letter of Qualification, Commonwealth of Virginia
 - Federal Form 56, *Notice Concerning Fiduciary Relationship*

Special Filing Situation: Form 763 and Form 760PY filed in the same tax year by a customer:

- As outlined in the General Screening Task, after validating the withholding, the screener should calculate the total withholding amount.
- A portion of the withholding should be applied to one of the returns, as applicable, to **zero out** that return's tax liability. The remaining amount of withholding, as applicable, should be applied to the **second** return.
- A **highlighted note** should be made prominently in the left margin of each return referencing the dual filing.
 - On the 763 return, the note should state that a Form 760PY was filed by the taxpayer.
 - On the 760PY return, the note should state that a Form 763 return was filed by the taxpayer.
- The 763 return should be processed as outlined in this task.

Procedure

Responsibility

Commissioner of the Revenue's Office Locality Representative

Steps

1. Screen the first return.
2. Determine if the Federal Tax Return is attached.
 - A. If the Federal Tax Return is attached, go to Step 3.
 - B. If the Federal Tax Return is not attached, code "**FX**".
3. Screen for Federal Form 1310.
 - A. If Federal Form 1310 is attached, code the return "**DX**".
 - B. If Federal Form 1310 is not attached, go to Step 4.
4. Determine if the Locality Code field is complete.
 - A. If the Locality Code field is complete, go to Step 5.
 - B. If the Locality Code field is blank, write in the **FIPS** code associated with the city or county shown in the income source field.

NOTE: The Locality Code of "300" is designated when no city/county location is supplied by the customer.
5. If the Farmer, Fisherman, and Merchant Seaman checkbox is checked, code as follows:
 - **Return filed on or before March 1, 2017** - code "**IX**"
 - **Return filed after March 1, 2017** - code "**UX**"
6. If the "Adjusted Gross Income" (AGI) on Line 1 is blank and there is an entry on Line 9 (Virginia Adjusted Gross Income),
 - A. Compute the AGI by working backwards and adjust for entries on Lines 2 and 4 - 7.
 - B. Write the computed amount on Line 1.

NOTE: DO NOT alter the AGI line unless it is blank.
7. Compare the "Nonresident Allocation Percentage" amount on Line 17 to Line 15 on the Nonresident Allocation Percentage section on Page 2, and take the appropriate action:
 - A. If Line 17 on page 1 of the return and the Line 15 percentage from the Nonresident Allocation Percentage section on Page 2 do not agree, mark through Line 17 and enter the amount from Line 15 on Line 17.

NOTE: Line 15 may be blank if Line 17 equals 100%.
 - B. If the Percentage amount on Line 17 is more than one decimal place, mark through the extra digit(s).
8. Determine if information has been entered for "Virginia Income Tax Withheld" (Lines 20a and 20b) on a joint return.
 - A. If both spouses have withholding, code "**BX**".
 - B. If only one spouse has withholding **or** neither spouse has withholding, continue to Step 9.
9. Review for Credit for Tax Paid to Another State.

NOTE: The credit is claimed on Line 25 of Form 763 with the details listed on Schedule OSC.

 - A. If the Credit is not claimed, go to Step 11.
 - B. If the Credit is claimed AND the other state's tax return **is not** included AND,
 1. If the total credit is less than \$500, the other state's income tax return is not required.
 2. If the total credit amount is equal to or greater than \$500, code "**MX**".
10. Review Schedule OSC credit amount(s) and Form 763 net tax amount.
 - A. Add the credit amount(s) from Schedule OSC Lines 10 and 20 for each state that does NOT have a line drawn through the Income Percentage.
 - B. Compare the computed addition total from Schedule OSC to Line 19 of Form 763.

1. If Line 19, Form 763 is **larger** than the addition total, go to Step 11.
2. If Line 19, Form 763 is **smaller** than the addition total, line through the Income Percentage on Schedule OSC for one or more state credits until the total allowable credit amount equals less than Line 19, Form 763.

NOTE: This action will cause the return to be presented to a TAX Representative for correction and resolution during automated processing.

11. Determine if Form 760C or 760F is included.
 - A. If Form 760C or 760F **is not** included, go to Step 12.
 - B. If Form 760C or 760F **is** included, code "**CX**".
12. Staple the document pages together in the upper left corner.
13. Place the return aside in one of the following stacks.
 - **Timely** Farmer, Fisherman, Merchant Seaman returns
 - **Late** Farmer, Fisherman, Merchant Seaman returns
 - All other returns

NOTE: Farmer, Fisherman, Merchant Seaman returns are identified and noted separately as Timely or Late for transmittal to TAX to ensure special handling.
14. Repeat Steps 2 - 13 until all returns have been screened.
15. Gather the completed 763 returns.
 - A. Secure the bundle with a rubber band or paper clip when there are too few returns to be rubber banded.
 - B. Place the completed bundle in the designated location for transmittal to TAX.

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